

FISCAL NOTE

HB 2422 – SB 3397

January 28, 2008

SUMMARY OF BILL: Requires the Tennessee Student Assistance Corporation (TSAC) to establish and implement the ASPIRE work-study program. Such program would provide (1) additional financial assistance from net lottery proceeds to eligible Tennessee students who are recipients of the HOPE scholarship and the ASPIRE award, and (2) tutoring, mentoring, and assistance to elementary and secondary school students so that such students may eventually qualify for Tennessee HOPE scholarships.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by \$3,198,400 in FY08-09 and by \$4,923,700 in FY09-10.

Assumptions:

- According to the Tennessee Student Assistance Corporation (TSAC), there were 11,629 students who were both HOPE and ASPIRE recipients in FY06-07.
- According to TSAC, the overall percentage of Tennessee students who completed the Free Application for Federal Student Aid (FAFSA) and who participated in the federal work-study program for the 2005-2006 academic year was 6.4%.
- TSAC estimates 10% (or 1,163) will elect to participate because the work-study program as proposed in this bill pays more on the hour than does the federal program.
- Maximum allowable earnings are \$1,500 per semester per eligible student.
- Students electing to participate in the work-study program earn 90% of the maximum allowable earnings (or \$1,350 per semester).
- The increase of expenditures from net lottery proceeds is estimated to be \$3,140,100 (1,163 students x \$1,350 per semester x 2 semesters = \$3,140,100) in the first year (FY08-09).
- TSAC estimates 45% of the first-year work-study recipients will participate in the second year (or 523 students).

- 10% increase of new participants in the second year.
- Total students in work-study program for year two is estimated to be 1,802 (523 first-year retention students + (1,163 x 110%) = 1,802).
- The increase of expenditures from net lottery proceeds is estimated to be \$4,865,400 (1,802 students x \$1,350 per semester x 2 semesters = \$4,865,400) in the second year (FY09-10).
- One additional position for TSAC to administer program estimated to be \$58,300 per year (\$34,300 for salary; \$9,600 for benefits; \$14,400 travel, communications, supplies, etc.).
- According to the Department of Education, this bill will not have a significant impact on departmental revenue or expenditures.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc